

# EUROPEAN ECONOMY

COMMISSION OF THE EUROPEAN COMMUNITIES  
DIRECTORATE-GENERAL FOR ECONOMIC AND FINANCIAL AFFAIRS

**Supplement B**  
Business and consumer  
survey results  
No 6 – June 1993

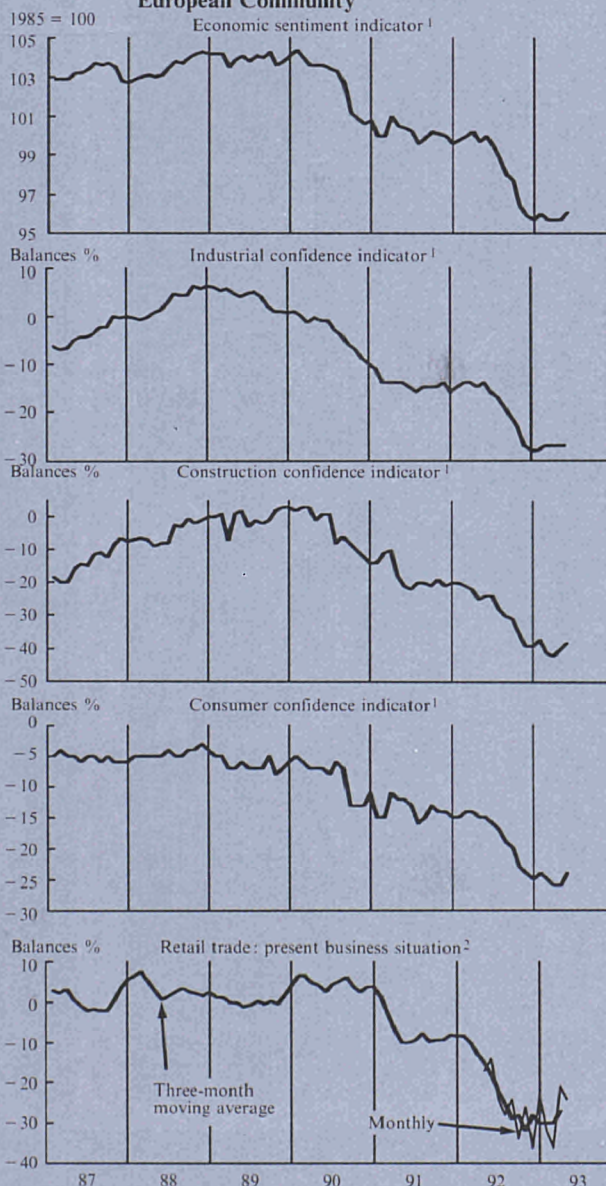


*In this number:  
Business surveys  
in the central and eastern  
European countries (p. 9)*

## THE MAIN POINTS IN BRIEF

- The European economy remains in the trough of the recession. The industrial climate has not worsened since November 1992, and in construction too the economic situation was viewed less pessimistically in May than in previous months. Retailers appear somewhat more hopeful than previously, and the loss of confidence which marked consumers in recent months has not persisted.
- The Community's leading economic indicator rose slightly in May, and this for the first time since January. After dipping to a new low at the start of the year, it has now regained its level of last autumn.
- The latest results (April) of the survey among almost 500 economic experts of multinational companies and competent institutions from 66 countries point to a slight recovery of economic activity worldwide in the first quarter of 1993. Although assessments of the current economic situation remain gloomy, throughout the world, most experts anticipate a recovery in the next six months.

GRAPH 1: Indicators of economic sentiment – European Community

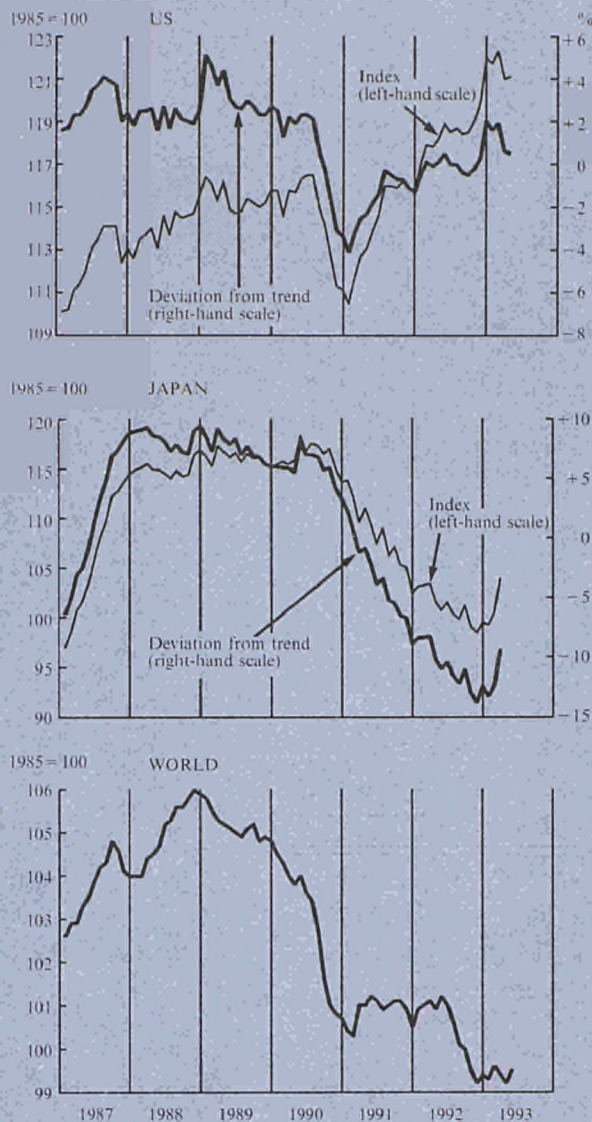


<sup>1</sup> See notes to Table 1.

<sup>2</sup> Not seasonally adjusted.



GRAPH 2: Leading indicators for the US, Japan and world



Sources: Commission of the European Communities; US Department of Trade; Economic Planning Agency of the Japanese Government.

**The European economy remains in the trough of the recession.** — Businessmen and consumers continue to take a predominantly negative view of their economic situation in the latest business surveys. Nevertheless, there has not been any further deterioration in the industrial climate since November 1992. Even the construction industry viewed its situation less unfavourably in April and May after the slump in activity in February and March, and retailers also appeared somewhat more hopeful than a month earlier. The loss of confidence which marked consumers in recent months has not persisted.

*Industrialists* are no longer as pessimistic about the future development of their businesses: since December 1992, the number of firms planning to reduce output in the next few months fell by 7 percentage points. However, domestic and export order-book levels are still considered much too low and stocks of finished goods (held in readiness for the expected demand for industrial products) too high. This suggests that industrialists — although slightly less pessimistic than before — do not anticipate any end to the drop in output in the near future.

In the *construction industry* the climate has improved marginally, according to the latest survey results, but order-books are still regarded as completely inadequate. Nevertheless, the assessment of the employment level was significantly more positive. Although

construction firms continued to register a decline in activity in May, this had slowed down appreciably since March. All the same, the number of firms reporting a fall in activity in May (compared to the previous month) was still 20 % greater than the number of firms recording an expansion in activity.

The most recent survey results show that, in all Community countries except Germany, the *retail trade* is now more hopeful about its future prospects. Retailers are manifestly more optimistic about future demand from private households and therefore intend to be less cautious as regards new orders.

The gradual loss of confidence recorded among *consumers* in recent months has not persisted. It is mainly in Belgium, Denmark, Spain, Italy and the United Kingdom that consumers are in less pessimistic mood. Taking the Community as a whole, this also makes for an improvement in consumer sentiment. Notable is the 11 percentage-point improvement in consumers' appraisal of the overall economic situation in the United Kingdom in the last twelve months. Similarly, expectations concerning the future economic trend are much more optimistic in the United Kingdom (+11 percentage points), Italy (+15) and Spain (+6).

**The Community's leading economic indicator rose slightly in May, and this for the first time since January.** — The Community's leading economic indicator improved by 0.4 percentage point in May compared to the previous month. After dipping to a new low at the start of the year, the indicator thus regained its level of last autumn.

Of course, this latest shift cannot in itself be seen as reliable evidence of a further consolidation of positive expectations regarding the future on the part of firms and consumers that might lead to a lasting recovery in economic activity. A switch to sustainable growth also depends not least on the general economic environment in the Community. Admittedly, the beginnings of a gradual upswing of the world economy, as reflected in the leading indicator for the world economy, is bound to exert a positive influence on business activity in the Community, but the extent to which this will happen depends not least on the price competitiveness of European firms. The slowdown in price rises, which the survey results suggest will continue, should — alongside a more realistic valuation of European currencies — contribute to the desired strengthening of their international competitiveness.

**According to Economic Survey International (ESI), assessments of the current world economic situation are gloomy, while a more positive view is taken of the future trend.** — The latest results (April) of this survey among almost 500 economic experts of multinational and competent institutions from 66 countries throughout the world point to a slight recovery of economic activity worldwide in the first quarter of 1993, primarily as a result of the improvement recorded in the United States. Although the current world economic situation is viewed gloomily, most experts anticipate a lasting recovery in the next six months (see Graph 3).

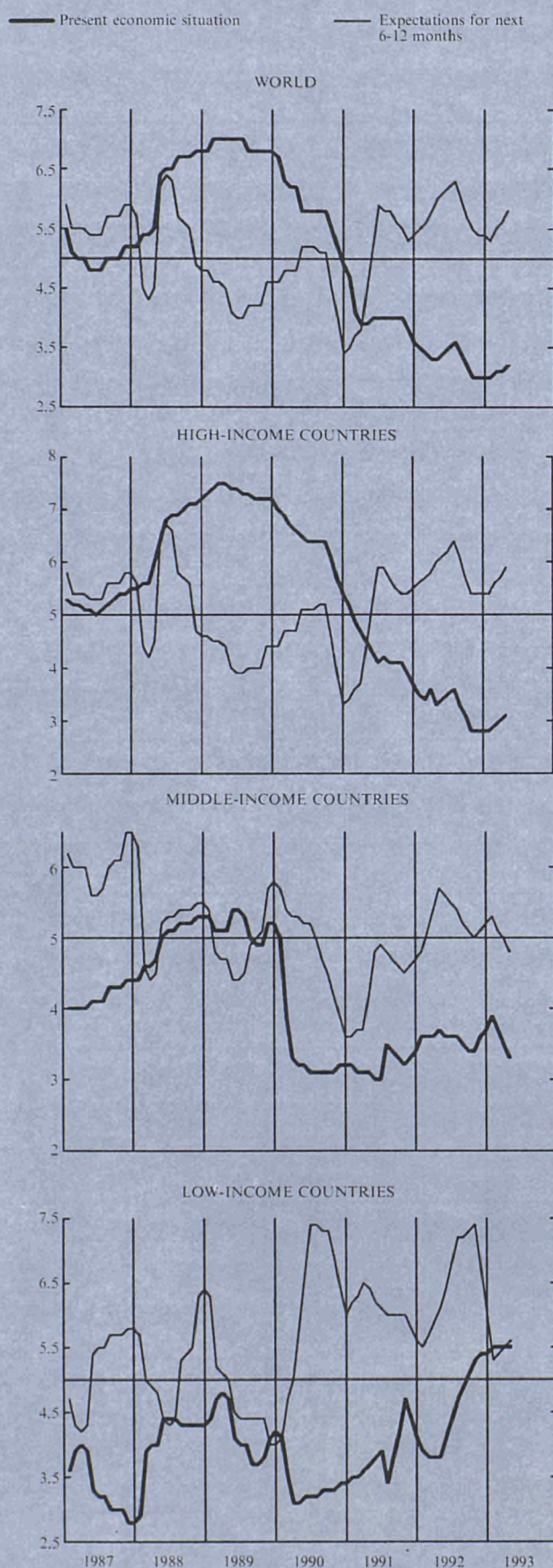
By contrast, pessimistic import expectations (see Graph 4) suggest that only a few experts are reckoning on a significant expansion of foreign trade in the immediate future. This is attributable above all to the recession in Europe, but the fact that the GATT negotiations are still dragging on is also a negative factor.

18 June 1993

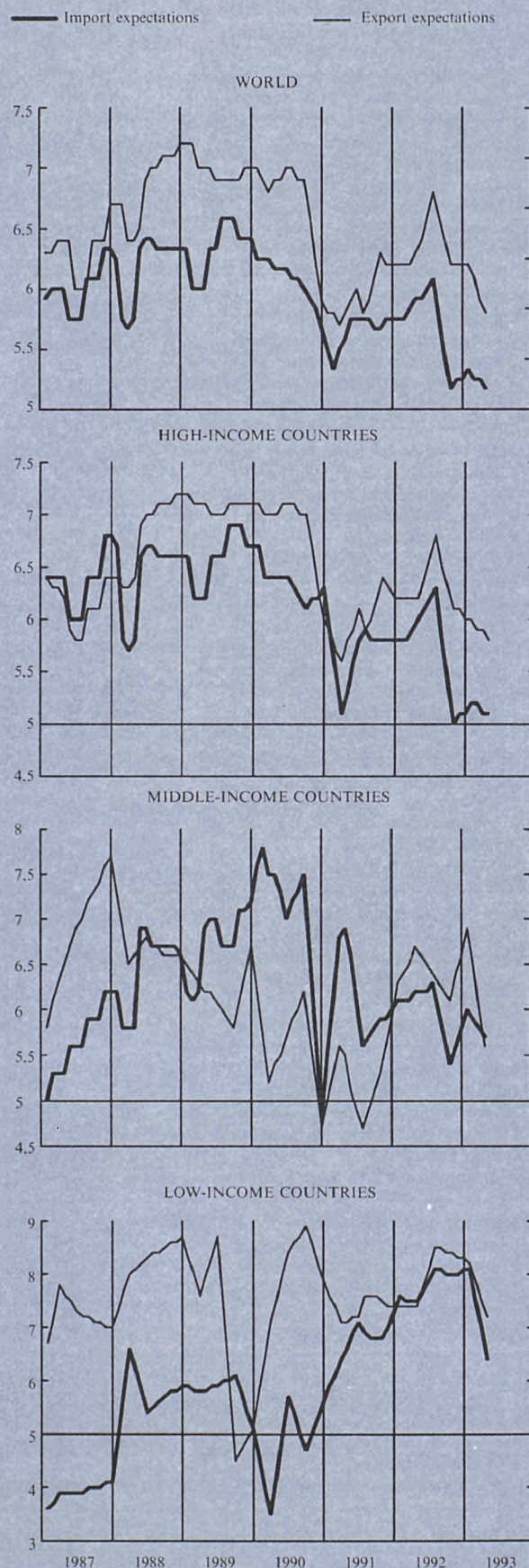


GRAPHS 3-4: 'Economic Survey International'

GRAPH 3: Present economic situation and expectations for the next six to twelve months



GRAPH 4: Import and export expectations for the next six to twelve months



The Economic Survey International has been conducted by the IFO Institute on behalf of the EC-Commission 4 times per year (January, April, July, October) and is based on the answers of about 500 economic experts in about 66 countries. The replies are 'graded': positive responses (+) receive a grade of 9, indifferent ones (=) a grade of 5 and negative ones (-) a grade of 1. Grades between 5 and 9 imply a preponderance of positive replies or increases, while grades between 5 and 1 indicate that negative replies or decreases predominated.

Source: EC-business survey.

TABLE 1\*: Indicators of output and economic sentiment

			Ranges		1990	1991	1992	1992		1993	1992	1993				
			Trough	Peak				III	IV			Jan.	Feb.	March	April	May
			81/83	88/90						I	Dec.					
<b>B</b>	<i>index of industrial production</i>	1985 = 100	:	:	117,7	115,1	115,5	114,5	113,2	:	110,8	:	:	:	:	:
	1. industrial confidence indicator		-33	2	-3	-15	-20	-20	-27	-31	-29	-32	-31	-29	-33	-30
	2. construction confidence indicator		-63	7	-3	-7	-13	-16	-16	-19	-16	-18	-18	-22	-24	-23
	3. consumer confidence indicator		-29	5	-1	-7	-12	-13	-17	-21	-17	-20	-22	-21	-27	-25
	4. share-price index (a)		:	:	184,6	177,4	175,3	168,2	167,8	178,1	167,6	171,4	177,8	186,3	189,2	181,3
	= 5. economic sentiment indicator		96,5	106,6	105,9	103,4	101,7	101,3	100,2	99,2	100,0	99,3	99,0	99,4	98,1	98,5
<b>DK</b>	<i>index of industrial production</i>	1985 = 100	:	:	108,1	110,0	112,2	115,6	108,8	108,0	111,6	105,1	106,5	112,5	:	:
	1. industrial confidence indicator		-22	5	-2	-8	-7	-6	-11	-17	:	-17	:	:	-20	:
	2. construction confidence indicator		-37	12	-24	-32	-22	-14	-23	-32	:	-32	:	:	-27	:
	3. consumer confidence indicator		-20	-4	-8	-2	-2	0	-6	-8	-6	-8	-7	-10	-9	-8
	4. share-price index (a)		:	:	146,1	157,9	144,7	137,4	129,3	139,2	130,2	140,2	140,5	136,8	137,3	145,3
	= 5. economic sentiment indicator		95,3	99,0	97,7	97,2	97,4	97,5	96,7	96,3	96,6	96,5	96,3	96,2	96,3	96,5
<b>D</b>	<i>index of industrial production</i>	1985 = 100	:	:	117,9	121,4	118,9	118,0	115,0	109,9	113,5	109,8	108,7	111,1	:	:
	1. industrial confidence indicator		-38	11	8	0	-18	-17	-30	-35	-34	-34	-34	-36	-37	-38
	2. construction confidence indicator		-63	3	-1	-5	-15	-16	-19	-25	-21	-24	-26	-27	-27	-27
	3. consumer confidence indicator		-32	6	1	-12	-20	-18	-25	-29	-27	-29	-28	-29	-26	-26
	4. share-price index (a)		:	:	156,0	141,3	137,5	132,1	124,3	134,7	124,8	128,3	135,6	140,3	138,5	135,5
	= 5. economic sentiment indicator		93,9	104,2	103,8	101,2	98,5	98,5	96,6	95,8	96,0	95,8	95,9	95,8	95,9	95,8
<b>E</b>	<i>index of industrial production</i>	1985 = 100	:	:	116,3	114,8	113,0	113,6	110,8	:	110,1	104,1	108,4	:	:	:
	1. industrial confidence indicator		:	0	-14	-22	-25	-25	-35	-40	-38	-44	-37	-38	-39	-37
	2. construction confidence indicator		:	32	15	-8	-37	-46	-52	-52	-45	-53	-46	-57	-46	-35
	3. consumer confidence indicator		:	5	-2	-6	-20	-25	-31	-33	-33	-30	-34	-35	-32	-31
	4. share-price index (a)		:	:	303,2	311,2	270,0	239,8	244,7	270,0	251,0	269,4	257,9	282,7	286,2	299,7
	= 5. economic sentiment indicator		:	104,6	102,0	100,9	99,1	98,5	97,4	97,2	97,2	97,2	97,2	97,1	97,3	97,6
<b>F</b>	<i>index of industrial production</i>	1985 = 100	:	:	112,9	113,1	113,3	113,3	111,6	110,4	110,4	108,8	111,3	111,0	:	:
	1. industrial confidence indicator		-38	12	-7	-20	-21	-21	-28	-32	-30	-30	-34	-33	-33	-35
	2. construction confidence indicator		-59	2	-6	-16	-43	-46	-55	-59	:	-59	:	:	-56	:
	3. consumer confidence indicator		-27	-9	-13	-21	-22	-22	-21	-24	-23	-24	-24	-25	-22	-26
	4. share-price index (a)		:	:	223,7	208,6	217,2	210,0	203,8	224,1	207,8	211,7	224,1	236,5	239,9	230,1
	= 5. economic sentiment indicator		98,5	106,1	104,0	100,9	99,1	98,8	98,0	97,2	97,5	97,3	97,1	97,1	97,6	96,9
<b>IRL</b>	<i>index of industrial production</i>	1985 = 100	:	:	143,9	148,6	162,2	165,5	164,3	:	154,8	170,6	:	:	:	:
	1. industrial confidence indicator		-36	14	0	-9	-4	-1	-11	-13	-17	-13	-16	-10	-10	-9
	2. construction confidence indicator		-60	30	6	-22	-11	-18	-24	-30	-26	-30	-29	-33	-33	-38
	3. consumer confidence indicator		-46	-3	-7	-18	-21	-20	-21	-22	-18	-16	-24	-26	-16	-16
	4. share-price index (a)		:	:	269,2	241,4	223,9	208,5	207,4	240,9	217,5	231,7	229,8	261,2	263,0	264,2
	= 5. economic sentiment indicator		97,3	104,7	108,1	99,4	99,0	99,3	98,6	98,0	98,2	98,5	98,1	97,3	97,5	97,3
<b>I</b>	<i>index of industrial production</i>	1985 = 100	:	:	117,9	115,1	113,8	112,4	110,5	111,4	106,6	112,2	111,3	110,7	:	:
	1. industrial confidence indicator		-38	13	-1	-13	-15	-16	-19	-22	-20	-22	-22	-21	-18	-19
	2. construction confidence indicator		-51	21	6	-7	-16	-14	-34	-44	-45	-29	-54	-50	-48	-41
	3. consumer confidence indicator		-28	0	-6	-13	-19	-20	-28	-31	-28	-30	-30	-33	-36	-30
	4. share-price index (a)		:	:	194,3	156,4	136,9	121,4	130,5	155,3	131,2	146,6	158,2	158,2	162,8	174,2
	= 5. economic sentiment indicator		95,8	103,7	102,2	100,2	98,9	98,7	97,3	96,9	97,1	97,1	96,9	96,7	96,4	97,5
<b>NL</b>	<i>index of industrial production</i>	1985 = 100	:	:	109,3	113,1	113,5	113,1	111,9	:	107,8	111,4	114,0	:	:	:
	1. industrial confidence indicator		-27	3	0	-4	-6	-6	-10	-11	-11	-10	-11	-10	-12	-13
	2. construction confidence indicator		-45	9	-1	-6	-15	-17	-18	-15	-15	-15	-11	-18	-18	-18
	3. consumer confidence indicator		-36	11	3	-10	-10	-6	-10	-16	-13	-11	-15	-21	-19	-20
	4. share-price index (a)		:	:	131,1	136,0	142,4	139,7	137,7	147,6	139,2	141,7	146,9	154,2	156,8	156,7
	= 5. economic sentiment indicator		93,3	103,4	101,8	99,4	99,0	99,3	98,6	98,0	98,2	98,5	98,1	97,3	97,5	97,3
<b>UK</b>	<i>index of industrial production</i>	1985 = 100	:	:	109,3	106,1	105,8	105,9	106,8	107,1	106,5	106,4	108,2	106,8	:	:
	1. industrial confidence indicator		-57	21	-18	-32	-24	-27	-26	-16	-24	-20	-15	-13	-12	-10
	2. construction confidence indicator		-57	42	-28	-64	-50	-53	-53	-40	-50	-42	-39	-40	-40	-38
	3. consumer confidence indicator		-24	7	-26	-17	-15	-16	-23	-16	-22	-15	-17	-16	-18	-11
	4. share-price index (a)		:	:	173,3	190,3	198,1	183,9	205,4	220,2	212,9	216,3	220,0	224,4	220,0	219,2
	= 5. economic sentiment indicator		97,0	103,8	98,2	97,2	98,1	97,6	97,3	98,7	97,6	98,5	98,7	98,9	98,7	99,2
<b>EUR</b>	<i>index of industrial production</i>	1985 = 100	:	:	114,7	114,5	113,5	113,3	111,3	109,7	109,5	109,1	109,9	110,1	:	:
	1. industrial confidence indicator		-35	6	-4	-14	-19	-19	-26	-27	-28	-28	-27	-27	-27	-27
	2. construction confidence indicator		-50	3	-4	-18	-28	-30	-37	-40	-39	-37	-41	-42	-40	-38
	3. consumer confidence indicator		-22	3	-9	-14	-18	-19	-24	-25	-25	-24	-25	-26	-26	-24
	4. share-price index (a)		:	:	174,8	174,9	177,1	167,3	173,4	187,9	177,4	181,8	188,1	193,9	192,4	190,8
	= 5. economic sentiment indicator		96,1	104,4	102,7	99,9	98,2	97,8	96,0	95,8	95,7	96,0	95,7	95,7	95,7	96,1

\* Used data-signs in the tables: (s.a.) = seasonally adjusted : = not available.  
The figures for the Federal Republic of Germany refer to Western Germany, if not mentioned otherwise.  
Source, unless stated otherwise: European Community business surveys.

(a) Not seasonally adjusted.



**TABLE 2: Monthly survey of manufacturing industry — Monthly questions and the composite industrial confidence indicator (a)**  
Balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Ranges		1990	1991	1992	1992		1993	1992	1993				
		Trough 81/83	Peak 88/90				III	IV			Jan.	Feb.	March	April	May
INDUSTRIAL CONFIDENCE INDICATOR	B	-33	2	3	-15	-20	-20	-27	-31	-29	-32	-31	-29	-33	-30
	DK	-22	5	-2	-8	-7	-6	-11	-17	-17	-17	-17	-17	-20	-20
	D	-38	11	8	0	-18	-17	-30	-35	-34	-34	-34	-36	-37	-38
	GR	:	5	-2	-7	-4	-3	-5	-7	-6	-8	-8	-5	-4	-7
	E	:	0	-14	-22	-25	-25	-25	-40	-38	-44	-37	-38	-39	-37
	F	-38	12	-8	-20	-21	-21	-28	-32	-30	-30	-34	-33	-33	-35
	IRL	-36	14	0	-9	-4	-1	-11	-13	-17	-13	-16	-10	-10	-9
	I	-38	13	-1	-13	-15	-16	-19	-22	-20	-22	-22	-21	-18	-19
	L	-67	11	-4	-24	-28	-22	-24	-29	-34	-30	-33	-24	-22	-20
	NL	-27	3	0	-5	-6	-7	-10	-10	-11	-10	-11	-10	-12	-13
	P	:	5	-5	-7	-12	-14	-19	-25	-20	-25	-22	-27	-26	-27
	UK	-57	21	-18	-32	-24	-27	-25	-16	-24	-20	-15	-13	-12	-10
	EUR	-35	6	-3	-14	-19	-19	-26	-27	-28	-28	-27	-27	-27	-27
PRODUCTION EXPECTATIONS	B	-37	12	0	-12	-16	-17	-25	-27	-28	-28	-26	-26	-36	-28
	DK	-12	15	11	8	7	9	1	-5	-5	-5	:	:	0	:
	D	-27	14	11	3	-10	-5	-26	-25	-31	-27	-24	-23	-27	-25
	GR	:	29	21	18	25	26	22	22	21	17	24	24	21	21
	E	:	16	4	-1	-4	-5	-17	-16	-18	-19	-15	-13	-14	-11
	F	-20	23	4	-4	-4	-5	-16	-21	-18	-21	-21	-21	-19	-16
	IRL	-37	27	14	4	1	5	-6	-5	-15	-5	-8	-2	2	-3
	I	-22	28	15	8	1	0	-8	-10	-8	-14	-8	-8	-4	-2
	L	-66	19	5	-27	-28	-26	-20	-31	-41	-38	-40	-14	-15	-10
	NL	-13	12	7	5	4	2	-1	0	-2	3	-2	0	-4	-5
	P	:	18	13	9	3	2	-2	-8	-5	-9	-5	-11	-10	-9
	UK	-44	34	-7	-14	-1	-8	-6	9	-2	7	12	9	8	15
	EUR	-24	28	7	0	-4	-4	-14	-13	-16	-15	-12	-12	-12	-9
ORDER-BOOKS	B	-49	-1	-6	-26	-33	-32	-39	-47	-43	-48	-47	-47	-48	-51
	DK	-32	11	-2	-14	-17	-18	-23	-32	-32	-32	:	:	-45	:
	D	-54	12	10	-4	-29	-32	-43	-52	-45	-49	-51	-57	-58	-59
	GR	:	-7	-14	-23	-21	-17	-20	-26	-20	-22	-29	-27	-27	-28
	E	:	-3	-23	-39	-43	-41	-55	-61	-59	-65	-58	-61	-60	-61
	F	-56	16	-11	-35	-39	-38	-47	-51	-48	-45	-56	-52	-53	-59
	IRL	-57	16	-9	-22	-8	-2	-17	-23	-22	-23	-28	-19	-23	-14
	I	-64	12	-6	-28	-30	-32	-37	-43	-37	-40	-44	-44	-40	-39
	L	-70	16	-13	-38	-44	-32	-41	-45	-44	-42	-47	-47	-36	-40
	NL	-42	1	-4	-11	-15	-15	-20	-23	-22	-25	-23	-22	-22	-24
	P	:	0	-14	-21	-30	-30	-40	-47	-38	-46	-45	-49	-50	-50
	UK	-57	26	-30	-56	-49	-50	-48	-37	-48	-44	-37	-30	-29	-25
	EUR	-56	5	-8	-28	-35	-36	-43	-46	-44	-45	-47	-47	-47	-47
EXPORT ORDER- BOOKS	B	-55	-3	-10	-30	-36	-36	-42	-48	-47	-49	-44	-52	-52	-56
	DK	10	17	6	-4	-9	-9	-20	-23	:	-23	:	:	-39	:
	D	-48	1	-6	-32	-39	-37	-48	-59	-51	-56	-61	-61	-62	-64
	GR	:	-16	-22	-24	-26	-24	-24	-27	-20	-29	-24	-27	-33	-30
	E	:	-17	-27	-33	-38	-37	-44	-51	-47	-55	-50	-49	-53	-49
	F	-52	24	-13	-34	-32	-28	-40	-50	-44	-46	-55	-50	-50	-58
	IRL	:	29	-15	-20	2	5	-12	-7	-1	-11	-10	-1	-17	-4
	I	-57	0	-15	-33	-35	-40	-38	-38	-40	-41	-39	-34	-30	-27
	L	-80	52	-33	-47	-51	-43	-59	-36	-53	-41	-35	-31	-24	-36
	P	:	1	-21	-24	-29	-26	-44	-53	-48	-52	-50	-58	-58	-51
	UK	-65	12	-11	-35	-35	-35	-34	-27	-32	-33	-28	-20	-22	-11
	EUR	-50	0	-11	-32	-35	-34	-41	-47	-44	-46	-49	-47	-47	-47
STOCKS OF FINISHED PRODUCTS	B	19	-1	4	7	12	12	16	19	16	21	21	14	16	12
	DK	23	-1	14	18	11	10	10	14	:	14	:	:	15	:
	D	27	-9	-4	0	15	15	22	27	26	25	28	27	27	30
	GR	:	1	12	14	15	18	18	16	20	18	18	12	6	13
	E	:	8	22	26	27	29	34	42	38	47	38	40	43	40
	F	42	-3	15	21	19	20	21	25	23	24	26	25	28	29
	IRL	29	-6	5	8	5	5	9	11	14	10	13	10	8	10
	I	28	-4	12	19	17	16	13	12	14	12	14	10	11	15
	L	-10	3	7	11	7	7	10	11	17	9	11	12	14	11
	NL	39	0	4	8	7	6	7	9	9	8	9	9	9	10
	P	:	0	14	10	9	13	14	19	17	21	17	20	18	21
	UK	41	4	17	26	20	23	23	21	23	24	21	17	14	21
	EUR	31	2	9	15	17	18	21	22	23	23	23	21	22	25
SELLING-PRICE EXPECTATIONS	B	12	24	7	2	-3	2	-16	-10	-18	-14	-7	-10	-14	-8
	D	2	26	16	14	10	11	3	-2	1	0	-5	-1	0	-4
	GR	:	41	31	28	28	29	27	23	27	22	23	23	21	13
	E	:	21	5	0	-5	-5	-5	-14	-8	-14	-15	-14	-18	-11
	F	17	34	16	11	8	5	2	2	-5	4	-5	8	2	-8
	IRL	1	23	1	-1	-4	-4	-16	-13	-15	-21	-8	-10	0	-4
	I	6	32	20	16	13	11	14	9	15	13	6	9	14	14
	L	-38	62	-6	-32	-14	-22	-26	-28	-19	-34	-44	-5	12	4
	P	:	28	21	17	10	7	0	0	2	2	4	2	4	4
	UK	9	34	23	5	-1	-3	-3	7	1	0	11	10	7	9
	EUR	22	28	17	11	7	6	2	1	1	2	-1	3	3	1

(a) The indicator is an average of the responses (balances) to the questions on production expectations, order-books and stocks (the latter with inverted sign).

TABLE 3: Survey of the construction industry

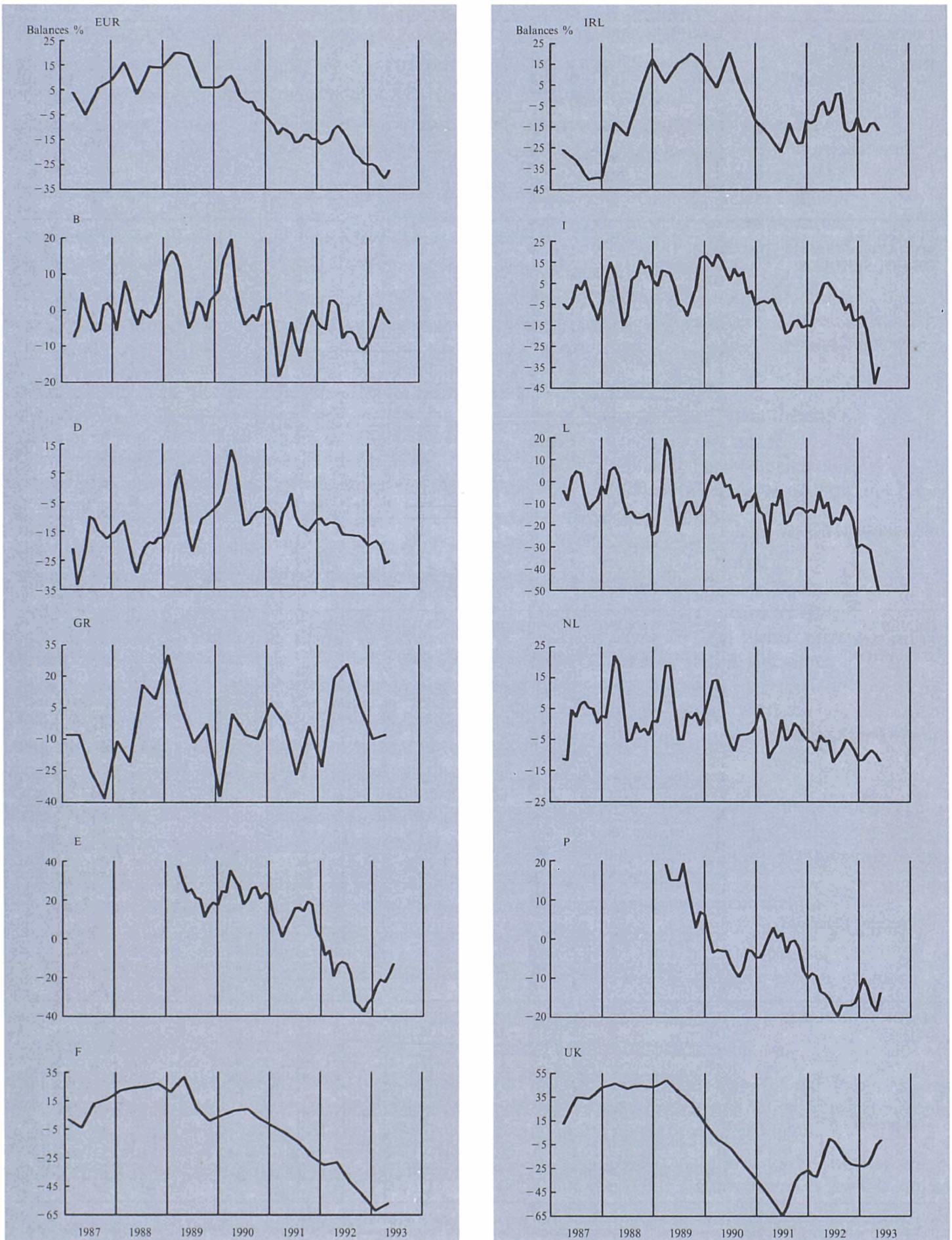
Balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)

		Ranges		1990	1991	1992	1992		1993	1992	1993					
		Trough 81/83	Peak 88/90				III	IV			I	Dec.	Jan.	Feb.	March	April
CONSTRUCTION CONFIDENCE INDICATOR (a)	B	-63	7	-3	-7	-14	-17	-17	-19	-16	-18	-18	-22	-24	-23	
	DK	-37	12	-24	-32	-23	-14	-23	-32	:	-32	:	:	-27	:	
	D	-63	3	-1	-5	-15	-16	-20	-26	-21	-24	-26	-27	-27	-27	
	GR	-73	-12	-23	-32	-13	-2	-11	-15	:	-15	:	:	-20	:	
	E	:	31	15	-9	-37	-46	-53	-52	-45	-53	-46	-57	-46	-35	
	F	-59	2	-6	-17	-43	-46	-55	-59	:	-59	:	:	-56	:	
	IRL	-60	30	6	-22	-12	-18	-24	-31	-26	-30	-29	-33	-33	-38	
	I	-51	21	6	-7	-16	-14	-34	-44	-45	-29	-54	-50	-48	-41	
	L	-75	24	10	-4	-24	-13	-41	-42	-41	-33	-45	-49	-55	-56	
	NL	-45	9	-1	-7	-15	-17	-18	-15	-15	-15	-11	-18	-18	-18	
	P	:	12	-13	-22	-32	-34	-36	-47	-43	-43	-53	-45	-46	-44	
	UK	-57	42	-28	-64	-50	-53	-54	-40	-50	-42	-39	-40	-40	-38	
	EUR	-50	3	-6	-18	-28	-30	-38	-40	-39	-37	-41	-42	-40	-38	
TREND OF ACTIVITY COMPARED WITH PRECEDING MONTH	B	-31	36	-4	-7	-6	-7	-9	1	-9	-4	3	3	-12	-2	
	D	-54	19	-5	-11	-17	-17	-20	-20	-23	-12	-20	-29	-29	-18	
	GR	-39	30	-12	-7	8	26	6	-10	:	-10	:	:	-8	:	
	E	:	45	26	9	-24	-35	-30	-22	-30	-14	-19	-34	-1	-4	
	F	-47	32	7	-13	-38	-42	-51	-62	:	-62	:	:	-57	:	
	IRL	-49	24	5	-17	-10	-18	-11	-14	-17	-20	-15	-6	-19	-25	
	I	-27	32	7	-9	-5	-8	-12	-28	-15	0	-35	-50	-43	-12	
	L	-60	39	-6	-15	-17	-11	-30	-31	-35	-24	-31	-39	-54	-57	
	NL	-39	35	0	-3	-9	-5	-12	-8	-10	-13	-6	-6	-17	-13	
	P	:	25	-5	-2	-15	-17	-13	-17	-12	-7	-19	-24	-12	-5	
	UK	-49	50	-16	-42	-19	-19	-23	-14	-24	-24	-14	-4	3	-2	
		EUR	-28	20	2	-13	-18	-21	-25	-28	-26	-22	-29	-34	-28	-20
ORDER-BOOKS	B	-76	-6	-14	-17	-26	-29	-28	-29	-28	-29	-28	-31	-29	-28	
	DK	-36	13	-33	-43	-32	-22	-28	-38	:	-38	:	:	-41	:	
	D	-75	-7	13	-15	-26	-26	-32	-34	-33	-33	-33	-36	-37	-37	
	GR	-78	-39	-48	-54	-45	-39	-53	-41	:	-41	:	:	-54	:	
	E	:	45	25	-11	-37	-43	-57	-43	-59	-43	-41	-46	-42	-27	
	F	-73	4	-14	-27	-55	-58	-66	-69	:	-69	:	:	-65	:	
	IRL	-58	30	3	-18	-12	-20	-23	-39	-26	-35	-45	-38	-42	-54	
	I	-62	17	5	-4	-17	-10	-34	-47	-45	-28	-61	-52	-57	-63	
	L	-79	12	4	-8	-22	-13	-45	-38	-49	-36	-34	-43	-48	-62	
	NL	-61	2	-7	-11	-22	-24	-25	-21	-24	-22	-17	-23	-24	-25	
	P	:	-6	-36	-46	-49	-50	-50	-65	-56	-62	-68	-66	-65	-61	
	UK	-74	35	-31	-78	-71	-71	-71	-67	-70	-67	-64	-69	-65	-64	
	EUR	-66	-2	-13	-26	-38	-38	-47	-49	-50	-45	-51	-51	-51	-51	
EMPLOYMENT EXPECTATIONS	B	-53	19	8	4	-1	-3	-5	-8	-4	-6	-7	-12	-18	-17	
	DK	-35	11	-14	-21	-13	-5	-18	-26	:	-26	:	:	-12	:	
	D	-53	19	11	6	-4	-6	-7	-16	-9	-14	-18	-17	-17	-16	
	GR	-77	20	3	-10	20	35	31	12	:	12	:	:	15	:	
	E	:	30	5	-6	-36	-49	-47	-60	-31	-63	-51	-67	-49	-42	
	F	-47	8	3	-5	-31	-33	-44	-49	:	-49	:	:	-46	:	
	IRL	-61	37	9	-26	-11	-16	-25	-21	-25	-24	-12	-27	-23	-21	
	I	-39	25	7	-11	-15	-18	-34	-41	-45	-30	-46	-47	-38	-19	
	L	-75	36	16	0	-25	-12	-36	-46	-33	-30	-55	-54	-62	-49	
	NL	-31	16	5	-2	-8	-10	-10	-8	-5	-8	-5	-12	-12	-10	
	P	:	28	11	2	-15	-19	-21	-28	-29	-24	-37	-24	-26	-27	
	UK	-50	51	-25	-50	-28	-35	-35	-14	-29	-16	-14	-11	-15	-12	
	EUR	-36	12	2	-10	-18	-22	-27	-31	-27	-29	-31	-33	-29	-24	
PRICE EXPECTATIONS	B	-18	28	17	11	2	0	-2	-8	-5	-9	-7	-9	-7	-9	
	D	-49	45	31	12	-6	-6	-18	-22	-18	-19	-22	-25	-21	-23	
	GR	9	26	12	-4	8	7	15	-28	:	-28	:	:	-24	:	
	E	:	70	33	19	12	3	11	1	-1	-8	7	3	11	-4	
	IRL	:	38	10	-30	-12	-6	-16	-16	-21	-17	-26	-5	-18	-22	
	I	2	63	44	25	25	26	9	-8	0	-9	-7	-7	2	9	
	L	-49	23	11	1	-31	-25	-46	-52	-49	-47	-55	-54	-50	-67	
	NL	:	64	55	34	28	23	16	9	13	13	10	3	9	12	
	P	:	70	41	30	14	2	-5	-22	-1	-18	-25	-23	-18	-10	
	UK	-21	70	-31	-32	-8	-14	-11	5	-7	4	7	5	3	4	
		EUR	:	39	21	9	7	4	-3	-8	-6	-9	-7	-9	-5	-5

(a) The indicator is an average of the responses (balances) to the questions on order-books and employment expectations.

GRAPH 5: Survey of the construction industry: Trend of activity compared with preceding month <sup>1</sup>

Balances: i.e. differences between the percentages of respondents giving positive and negative replies (s.a.)



Note: see Table 3.

(1) GR and F: quarterly data, otherwise Three-month moving average.



TABLE 4: Consumer opinion on economic and financial conditions (a)

		1986	1987	1988	1989	1990	1991	1992	1992				1993				
									Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May
CONSUMER CONFIDENCE INDICATOR (b)	B	-16	-11	-6	1	0	-7	-12	-14	-16	-17	-17	-20	-22	-21	-27	-25
	DK	-3	-9	-14	-14	-8	-2	-1	-2	-5	-8	-6	-8	-7	-10	-9	-8
	D	3	-1	-4	1	1	-12	-20	-20	-22	-25	-27	-29	-28	-29	-26	-26
	GR	-19	-28	-20	-13	-25	-27	-31	-35	-32	-34	-33	-33	-31	-32	-29	-32
	E	-5	-8	-2	1	-2	-6	-20	-26	-31	-30	-33	-30	-34	-35	-32	-31
	F	-13	-17	-11	-11	-13	-21	-22	-20	-20	-21	-23	-24	-24	-25	-22	-26
	IRL	-27	-28	-16	-7	-7	-18	-21	-21	-24	-20	-18	-16	-24	-26	-16	-16
	I	-4	-3	-4	-6	-6	-13	-19	-25	-28	-27	-28	-30	-30	-33	-36	-30
	NL	4	-2	1	9	3	-10	-10	-6	-6	-10	-13	-11	-15	-21	-19	-20
	P	-4	0	-7	-10	-2	3	-5	-4	-8	-11	-13	-11	-17	-23	-21	-24
	UK	-7	4	2	-18	-26	-17	-15	-20	-24	-24	-22	-15	-17	-16	-18	-11
EUR (c)		-5	-5	-5	-6	-9	-14	-18	-20	-23	-24	-25	-24	-25	-26	-26	-24
FINANCIAL SITUATION OF HOUSEHOLDS	B	-14	-8	-5	-2	-1	-3	-4	-5	-6	-5	-4	-9	-10	-8	-11	-10
	DK	-1	-1	-4	-5	-2	-1	3	3	3	-1	2	2	1	1	0	-1
	D	1	1	0	0	2	-7	-15	-14	-14	-16	-18	-18	-18	-19	-17	-18
	GR	-24	-32	-21	-13	-32	-34	-39	-42	-40	-42	-41	-43	-42	-42	-41	-42
	E	-6	-9	-4	-3	-4	-4	-12	-15	-16	-16	-19	-18	-20	-21	-21	-20
	F	-11	-14	-9	-7	-7	-10	-10	-9	-8	-8	-8	-10	-10	-9	-9	-10
	IRL	-34	-31	-23	-17	-17	-21	-22	-22	-24	-22	-20	-21	-25	-25	-20	-21
	I	-6	-4	-3	-4	-3	-5	-9	-12	-12	-15	-14	-16	-18	-19	-21	-19
	NL	-3	0	2	7	10	4	1	4	2	3	3	1	1	1	1	-3
	P	-5	-2	-5	-8	-3	-1	-5	-6	-8	-9	-8	-9	-11	-16	-14	-20
	UK	-13	-5	-6	-17	-27	-22	-20	-24	-24	-24	-24	-22	-21	-20	-24	-20
EUR (c)		-7	-6	-5	-6	-7	-9	-12	-14	-14	-15	-15	-15	-16	-16	-17	-16
— over last 12 months	B	-5	-1	2	3	4	2	0	0	-1	-2	-2	-2	-4	-3	-6	-4
	DK	2	2	1	0	4	7	8	10	10	8	10	10	10	10	7	8
	D	2	1	-1	1	2	-6	-9	-8	-10	-13	-14	-15	-14	-13	-11	-11
	GR	-11	-20	-12	-2	-15	-23	-26	-29	-28	-27	-24	-28	-26	-27	-24	-26
	E	1	2	5	5	4	3	-7	-13	-16	-13	-16	-13	-14	-13	-9	-7
	F	-2	-4	0	1	0	-2	-1	-1	-1	-1	-1	-4	-2	-2	-1	-8
	IRL	-14	-14	-9	-5	-6	-8	-8	-6	-11	-10	-8	-8	-13	-10	-5	-6
	I	1	2	2	2	1	-1	-5	-9	-13	-12	-11	-12	-13	-13	-15	-11
	NL	2	2	4	8	6	0	2	4	2	4	1	2	3	3	0	-3
	P	1	4	-1	-2	4	7	1	2	-1	-5	-6	-7	-8	-13	-11	-15
	UK	-3	4	1	-9	-13	-1	-1	-7	-9	-10	-8	-3	-5	-5	-8	-5
EUR (c)		-1	1	1	0	-1	-2	-4	-6	-8	-9	-9	-8	-8	-8	-8	-9
GENERAL ECONOMIC SITUATION	B	-27	-19	-16	-1	-2	-20	-32	-35	-39	-41	-37	-43	-47	-47	-56	-51
	DK	-9	-20	-28	-24	-15	-1	0	-7	-6	-18	-18	-16	-16	-27	-24	-21
	D	7	-2	-9	4	7	-18	-34	-37	-41	-44	-50	-51	-52	-53	-50	-50
	GR	-27	-33	-22	-22	-43	-32	-36	-42	-38	-41	-40	-40	-37	-37	-36	-38
	E	-8	-17	-9	-4	-7	-11	-30	-38	-42	-43	-47	-43	-52	-52	-52	-51
	F	-34	-39	-28	-26	-28	-43	-46	-44	-43	-44	-47	-51	-52	-55	-50	-50
	IRL	-57	-58	-30	-11	-8	-31	-44	-46	-48	-49	-44	-46	-54	-59	-43	-39
	I	-10	-6	-12	-18	-16	-30	-47	-54	-60	-59	-61	-65	-66	-72	-74	-70
	NL	17	-1	1	18	4	-23	-26	-20	-19	-28	-34	-33	-43	-57	-52	-49
	P	-3	5	-5	-13	-1	10	-4	-3	-8	-11	-14	-12	-20	-28	-24	-29
	UK	-29	-4	-4	-36	-52	-52	-50	-58	-67	-67	-64	-54	-55	-52	-52	-41
EUR (c)		-14	-13	-13	-14	-18	-30	-40	-44	-47	-49	-51	-51	-53	-55	-54	-51
— over next 12 months	B	-12	-8	-6	2	-2	-11	-22	-23	-28	-31	-27	-33	-37	-36	-43	-40
	DK	-6	-13	-19	-15	-9	-1	-2	-6	-5	-10	-9	-8	-10	-10	-10	-9
	D	2	-7	-12	-1	-1	-16	-24	-24	-29	-35	-41	-40	-37	-41	-35	-37
	GR	-12	-20	-13	-6	-7	-15	-20	-24	-21	-22	-20	-22	-18	-20	-19	-21
	E	1	-2	2	2	-4	-6	-24	-30	-38	-36	-37	-28	-33	-31	-24	-18
	F	-16	-23	-11	-13	-17	-29	-26	-23	-22	-26	-29	-29	-28	-31	-16	-30
	IRL	-24	-28	-10	2	-1	-18	-18	-16	-24	-22	-20	-16	-26	-29	-12	-12
	I	3	-2	-2	-6	-6	-18	-23	-33	-35	-29	-32	-33	-30	-38	-39	-24
	NL	10	-7	-3	8	-8	-29	-24	-19	-17	-30	-31	-24	-30	-42	-37	-35
	P	2	7	-2	-6	2	9	-5	-1	-8	-12	-15	-12	-16	-25	-21	-27
	UK	-13	3	-5	-19	-23	-5	-7	-20	-28	-24	-21	-7	-15	-16	-15	-4
EUR (c)		-5	-7	-7	-7	-10	-16	-20	-24	-28	-29	-31	-28	-28	-32	-27	-25
MAJOR PURCHASES	B	-23	-18	-4	3	-1	-5	-4	-7	-8	-7	-12	-13	-12	-13	-18	-18
	DK	0	-13	-18	-26	-18	-14	-13	-9	-26	-18	-18	-27	-20	-22	-19	-18
	D	3	3	-1	0	-4	-13	-16	-16	-15	-17	-13	-20	-20	-18	-16	-16
	GR	-20	-34	-32	-20	-28	-31	-35	-36	-33	-38	-38	-34	-32	-31	-26	-33
	E	-13	-12	-3	4	0	-14	-25	-36	-41	-42	-45	-49	-51	-59	-55	-60
	F	-3	-7	-6	-8	-11	-21	-26	-25	-25	-27	-30	-29	-27	-29	-33	-31
	IRL	-8	-10	-7	-6	-2	-10	-11	-13	-13	1	5	11	-1	-8	2	-3
	I	-7	-7	-5	-7	-6	-9	-14	-15	-21	-21	-23	-23	-25	-22	-30	-26
	NL	-5	-3	0	6	6	-1	-3	-1	-1	1	-3	2	-4	-7	-7	-8
	P	-14	-14	-22	-23	-9	-9	-13	-11	-15	-18	-19	-18	-30	-33	-32	-30
	UK	21	20	20	-8	-16	-5	5	10	6	6	9	12	9	13	8	13
EUR (c)		0	-1	0	-4	-8	-12	-14	-14	-16	-17	-17	-19	-19	-19	-21	-20
— at present																	

(a) The sum of the replies for each Member State are weighted in the Community total with the value of consumers' expenditure.

(b) The indicator represents the arithmetic average of results for five questions, namely the two on the financial situation of the household, the two on the general economic situation, and that concerning major purchases at present.

(c) If monthly data are not available, the EUR-averages incorporate the most recent available results.



# Qualitative Business Surveys in Transition Countries: A General Assessment of Recent Experiences in the light of the EC-Harmonized Scheme

## Overview

To detect business cycles and take appropriate economic policy decisions it is extremely important to dispose of a reliable system of short-term indicators both quantitative and qualitative. Such a need is particularly strong in Transition Countries where in fact all economic agents have a vital interest in knowing exactly and in detail which sectors and branches of the economy are in a boom, recession or recovery phase.

Indeed, qualitative business surveys do present many advantages as sources of short-term economic information. First, they provide a rapid mean of compiling simple statistics, with the results available before those obtained with traditional statistical methods. Second, business surveys provide information in areas not covered by quantitative statistics (e.g., about capacity utilization and stocks of finished goods) and therefore may be considered as complementary to official statistical sources.

It was in 1991 that the joint project between OECD and the Commission of the European Communities to assist transition countries in developing appropriate short-term indicators by using qualitative business surveys did make its start.

In fact, business surveys covering the industrial sector have been conducted on a regular basis for several years in Hungary and Poland. Moreover, regular surveys have been introduced during the last two years in many other countries (Bulgaria, CSFR, Estonia, Latvia, Lithuania, Romania and Russia). Such a rapid spreading of business surveys in transition countries has raised the need for a harmonization of questionnaires and methodologies to be adopted to hold data comparable at international level. The harmonized scheme which has been proposed is that adopted within the European Community, i.e. the result of the coordination by the Directorate General for Economic and Financial Affairs of the surveys carried out in several member countries, beginning from 1961.

The series of workshops which have been organized during the last two years (Munich-June 1991, Bratislava-April 1992, Warsaw-November 1992, Poznan-June 1993) have brought, as a main result, to the definition of a set of questions — comparable with the EC ones — which should be regularly used in transition countries. The variables to be considered are the following ones.

### • Business Survey in Manufacturing Industry:

- Production: present level and future tendency;
- Demand/order books, Total: present level and future tendency;

- Demand/order books, Export: present level and future tendency;
- Stocks of finished goods: present level;
- Selling prices (rate of change): future tendency;
- Employment: future tendency;
- Limits to production: present situation;
- Production capacity: present situation;
- Degree of capacity utilization: present level;
- Investment: future tendency;
- Type of investment: planned situation;
- Factors limiting investment: planned situation;
- Business situation: present situation and future tendency.

### • Business Survey in Construction Industry:

- Business activity: actual trend;
- Limits to production: present situation;
- Order books (contracts): present level and future tendency;
- Employment: future tendency;
- Output prices: future tendency;
- Period of secured production: months;
- Financial situation: present situation;
- Delays in payments from clients: present situation;
- Technical capacity: future situation.

### • Business Survey in Retail Trade:

- Business situation: present situation and future tendency;
- Stocks: present level;
- Orders placed with suppliers: future tendency;
- Employment: future tendency;
- Selling prices (rate of change): present situation and future tendency;
- Financial situation: present situation;
- Competition in own sector: present situation;
- Limits to activity: present situation;
- Sales (year-on-year changes): present situation;
- Sales (changes on previous period): present situation;
- Storage space: present situation.

Although the exact formulation of the questions may slightly vary according to the national language, some basic principles have been agreed upon.

- (i) Questions should be referred to the surveyed enterprise itself and not to the economy as a whole, unless otherwise stated. For example, the question on 'assessment of business situation' aims to know the entrepreneur's opinion about the situation of its own business and **not** about the general economic situation of the country.

- (ii) All questions referring to an assessment of the current situation should imply a comparison with a *normal* situation, despite the subjectivity which is introduced in the answers by this way.
- (iii) All questions concerning judgments about past/present and present/future changes should make use of a three-point ordinal scale (e.g., up, unchanged, down) with the only exceptions of questions concerning selling prices (five-point scale) and investment.
- (iv) All questions concerning past/present changes should refer to a common time span of one period (month or quarter according to the periodicity of the survey); all forecast variables should be evaluated on a three-four months basis, unless otherwise stated.

The harmonized questions were agreed to be implemented and surveyed from January 1993, at least on a quarterly basis (i.e., on January, April, July and October). It has been left to the single transition countries to decide whether to carry out monthly or quarterly surveys, although it has been stressed that monthly surveys present many advantages compared to the quarterly ones, e.g. questionnaires may be shorter because quarterly and special questions can be spread over the year.

### The Harmonized Business Survey in Manufacturing Industry in Transition Countries

The harmonized questionnaire agreed with the representatives of the Transition Countries is composed of eighteen questions, largely drawn from the EC-harmonized questionnaire.

The first twelve questions do correspond to the EC-harmonized questionnaire, whereas questions 16, 17 and 18 have been tailored for transition countries. Questions 13, 14 and 15 are analogous to questions asked within the

EC-harmonized Investment Survey, in fact it has been agreed that for transition countries it would have been preferable to incorporate three qualitative investment questions into the regular business survey questionnaire instead of carrying out a separate investment survey including questions of quantitative nature.

Information summed up by Table 5 allows us to check the degree of harmonization that has been achieved up to now and to take note of the surveys' periodicity in the various countries under consideration.

As it is easy to see, we are not very far from achieving a good degree of harmonization as far as the business survey in manufacturing is concerned. Most countries have modified their questionnaires from the beginning of the current year to fit the requirements of harmonization and most variables are now comparable, at least on a quarterly basis. However, some problems do arise when the time spans implicit in some answers are considered; in fact not all countries have specified in a clear way the time span to be considered by entrepreneurs in expressing their opinions and this might be the cause of spurious comparisons among national business trends.

No major discrepancies in conducting the surveys do emerge from the reported experience. National Institutes seem to have followed enthusiastically the suggestions of the Commission about sampling, data collecting and weighting of results, though some improvements could be certainly introduced by a more synchronized scheduling of national surveys.

However, common solutions are still far to be reached as far as two major methodological problems are concerned, i.e. updating registers and treatment of non-response cases, which the highlighted continuous changes in the economic framework (privatization, rise of the informal sector, splitting up of firms and sectors etc.) do actually make increasingly vivid.

TABLE 5: Business Surveys in Manufacturing Industry in Transition Countries – Harmonized Questionnaires

Country Question	Bulgaria	Czech R.	Estonia	Hungary	Latvia	Lithuania	Poland	Romania	Russia	Slovak R.
1	M	M	Q	Q	Q	M	M	Q	M	M
2	M	M	Q	Q	Q	M	M	Q	M	M
3	M	M	Q	Q	Q	M	M	Q	M	M
4	M	M	Q	Q	Q	M	M	Q	M	M
5	M	M	Q	Q	Q	M	M	Q	M	M
6	M	M	Q	Q	Q	M	M	Q	M	M
7	M	M	Q	Q	Q	M	M	Q	M	M
8	M	Q	Q	Q	Q	Q	Q	Q		M
9	Q	Q	Q	Q	Q	Q	Q	Q		
10	M	M	Q	Q	Q	Q	M	Q	M	M
11	M	M	Q	Q	Q	Q	M	Q	M	M
12	Q	Q	Q	Q	Q	Q	M	Q	M	Q
13	B	B	Y	Y	B	B		B		
14	B	Y			Y	B	Q	B		
15	Y	Y			Y	B		B		
16	M	M			Q	Q	M	Q		M
17	M	M			Q	Q	M	Q		M
18				Q						M

Note: M = Monthly; Q = Quarterly; B = Bi-annually; Y = Yearly.



**HARMONIZED BUSINESS SURVEY IN MANUFACTURING INDUSTRY IN TRANSITION COUNTRIES**

1. **Assessment of production activities in the last month (quarter):** up (+), unchanged (=), down (-).
2. **Assessment of total order-books present level:** above normal (+), normal (=), below normal (-).
3. **Assessment of export order-books present level:** above normal (+), normal (=), below normal (-).
4. **Assessment of stocks of finished goods present level:** above normal (+), normal (=), below normal (-).
5. **Production activities for the next 3-4 months:** up (+), unchanged (=), down (-).
6. **Selling price expectations for the next 3-4 months:**
  - 1a. increase at a higher rate
  - 1b. increase at about the same rate
  - 1c. increase at a lower rate
  2. remain stable
  3. decrease in absolute terms.
7. **Employment expectations for the next 3-4 months:** up (+), unchanged (=), down (-).
8. **Limits to production (present situation):**
  1. none
  2. insufficient domestic demand
  3. insufficient foreign demand
  4. competitive imports
  5. shortage of labour
  6. shortage of skilled labour
  7. shortage of raw materials
  8. shortage of semi-finished products
  9. shortage of energy
  10. lack of appropriate equipment
  11. financial problems (e.g. insolvency, difficulties in obtaining credits)
  12. unclear economic laws
  13. uncertainty of economic environment
  14. others, please specify .....
9. **Assessment of current production capacity (with regard to expected demand in the next 12 months):** more than sufficient (+), sufficient (=), not sufficient (-).
10. **Expected total demand in next 3-4 months:** up (+), unchanged (=), down (-).
11. **Export expectations for the next 3-4 months:** up (+), unchanged (=), down (-).
12. **Current level of capacity utilization (in % of normal capacity utilization):** .....
13. **Fixed investment (machinery, buildings, etc.) will be next year (this year) compared to the current year (last year):**
  - a. higher
  - b. about the same
  - c. lower
  - d. no investment planned.
14. **If fixed investment is planned for next year, what type it will be primarily of:**
  1. replacement of old equipment
  - 2a. investment aimed at extending production capacity with an unchanged product range
  - 2b. investment aimed at extending production capacity so as to extend the product range
  - 3a. rationalization investment: mechanization or automation of existing manufacturing process
  - 3b. rationalization investment: introduction of new production techniques
  - 3c. rationalization investment: energy saving
  - 4a. others: pollution control
  - 4b. others: safety measures
  - 4c. others, please specify .....
15. **Factors limiting planned investment for the next year:**
  1. insufficient demand
  2. too high cost of capital
  3. difficulties in obtaining credits
  4. insufficient profits
  5. fear of indebtedness
  6. technical factors
  7. others, please specify .....
16. **Assessment of present business situation:** good (+), sufficient (=), bad (-).
17. **Expected business situation 6 months ahead:** better (+), same (=), worse (-).
18. **Ownership of the company (state, private):** .....



TABLE 6: Business Surveys in Manufacturing Industry in Transition Countries – Structural Characteristics

	Participating Firms		Coverage Degree (%)		Size of Participating Firms (%)		Ownership of Participating Firms (%)	
	Number	Response (%)	Turnover	Employment	< 500	≥ 500	State	Private
Bulgaria	600	95-98	72	n.a.	—	100	100	—
Czech R.	450	75	50	50	35	65	70	30
Estonia	220	80	50	50	80	20	85	15
Hungary	650	20-25	n.a.	28-30	86	14	44	56
Latvia	152	35	35	31	76	24	63	37
Lithuania	240	48	60	50	65	35	70	30
Poland	2200	60	63	59	75	25	55	45
Romania	304	90-95	50	30	—	100	100	—
Russia	250	n.a.	n.a.	n.a.	50	50	52	48
Slovak R.	230	90	65	60	n.a.	n.a.	77	23

Indeed full comparability of results is still under discussion because of the discrepancies in response rate and coverage degree among countries. As Table 6 shows business surveys in transition countries differ quite widely as far as structural parameters are concerned. As a rule we observe that the lower it is the response rate the smaller it appears to be the average size of participating firms and the most enterprises appear to be private.

Thus, on the one hand, we find countries characterized by very high response rates — like Romania e Bulgaria — where participating firms are all state-owned and large in size and, on the other hand, we observe very low response rate in countries like Latvia and Lithuania where the process of privatization has brought to a sharp reduction of the size of manufacturing firms. At intermediate stages we find all other countries where private and state-owned firms as well as large and medium sized enterprises are more or less equally represented in the survey.

Unlike in the EEC countries, national institutes involved in carrying out the surveys are primarily Central Statistical Offices whose contact with enterprises is therefore very formal. Participating firms do receive information about the survey results indirectly from the media or directly through ad-hoc publications presenting data as balance figures. A lack of confidence towards public institutions and a low degree of interaction may perhaps explain the weak response of private firms especially small-sized. A bigger effort in making data available to all economic agents without delays is of primary importance to expand the participation of private firms all over transition countries.

### Further developments

Results obtained until now as far as the business survey in manufacturing is concerned are indeed encouraging. That is why the Commission of European Communities and OECD will keep on devoting resources to develop a system of short-term indicators based on qualitative business surveys for transition countries.

Some steps have to be taken primarily: first the full set of harmonized surveys has to be implemented, second a common methodology for checking the reliability of survey data and for interpreting them must be defined.

In the former direction, a few goals have been already achieved as far as construction and retail trade surveys are concerned, while a great interest in implementing a harmonized consumer survey, on the basis of the EC-harmonized scheme, has been shown by several transition countries. At the moment, construction surveys are carried out using a harmonized questionnaire only in Bulgaria, Hungary and in the former CSFR, but soon Romania, Poland and Latvia will follow them. Harmonized surveys concerning the retail trade sector started being conducted in 1993 in Bulgaria, Czech Republic, Estonia and Slovak Republic despite the many problems concerning creating and updating national registers of operating firms.

In the latter perspective, the issues of seasonality and non-response adjustments have been already raised and discussed with representatives of the transition countries. In the meantime, the practice of using survey data for calculating composite and leading indicators — in accordance with the EC experience — has been introduced in some countries (e.g., Poland), although longer time series are recognized to be necessary to get reliable information about business cycles by this way.

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